

Message Text

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ORIGIN FEA-01

INFO OCT-01 EUR-12 ISO-00 EB-07 ERDA-07 AID-05 CEA-01

CIAE-00 CIEP-02 COME-00 DODE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-03 USIA-15

SAM-01 OES-05 SP-02 SS-15 STR-04 TRSE-00 FRB-01 EA-10

IO-10 NEA-10 OPIC-06 LAB-04 SIL-01 PA-02 PRS-01 /150 R

DRAFTED BY FEA:DSHERMAN:CH

APPROVED BY EB/ORF/FSE - MR. MARTIN

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R 132329Z JUN 75

FM SECSTATE WASHDC

TO USMISSION OECD PARIS

UNCLAS STATE 139342

E.O. 11652:

TAGS: ENRG

SUBJECT: REPORT OF THE CHAIRMAN OF THE SEQ AD HOC GROUP ON
BUNKERS

1. THE FOLLOWING REPORT OF THE CHAIRMAN OF THE SEQ AD HOC
GROUP ON BUNKERS SHOULD BE DELIVERED TO THE SWEDISH,
AUSTRIAN, TURKISH AND NEW ZEALAND DELEGATION FOR TRANS-
MISSION TO APPROPRIATE NATIONAL AUTHORITIES PRIOR TO SEQ
MEETING OF JUNE 19-20. (OFFICIALS OF OTHER IEA COUNTRIES
HAVE RECEIVED FOLLOWING REPORT DIRECTLY BY TELEX.)

2. BEGIN QUOTE. MANY OF THE IAB RECOMMENDATIONS TO THE
SEQ CONCERNING MATTERS RELATING TO AVIATION AND MARINE
BUNKERS, IF IMPLEMENTED, WILL NOT, IN THE JUDGMENT OF THE
CHAIRMAN OF THE AD HOC GROUP, RESPOND TO THE PROBLEMS
AND NEEDS OF THE IEA PARTICIPATING COUNTRIES.

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3. THE POSITION DEVELOPED BY SUBCOMMITTEE B AND ADOPTED
BY THE IAB IS THAT BOTH AVIATION FUEL AND MARINE BUNKERS
SHOULD NOT BE AFFORDED "SPECIAL TREATMENT"; BUT RATHER
SHOULD BE SUBJECT TO THE SAME TREATMENT AS ALL OTHER

PRODUCTS, I.E., 7 AND 10 DEMAND RESTRAINT LEVELS UNDER ARTICLES 13 AND 14 OF THE IEP AGREEMENT.

4. IF THIS RECOMNDATION IS ADOPTED BY THE SEQ, IT WILL PRESUMABLY ALLOW EACH PARTICIPATING COUNTRY TO CURTAIL INTERNATIONAL AVIATION AND MARINE SHIPPING BUNKER SUPPLIES IN A MANNER THAT IS CONSISTENT WITH EACH COUNTRY'S NATIONAL STRATEGY FOR DEMAND RESTRAINT: IN SHORT, IT WILL MEAN THAT DIFFERENTIAL DEGREES OF DEMAND RESTRAINT IN THESE AREAS WILL BE ESTABLISHED. SUCH ACTION WILL IN TURN RAISE THE POSSIBILITY OF DISPUTES BETWEEN AND AMONG PARTICIPATING IEA COUNTRIES. FURTHERMORE, IF THERE ARE NO AGREEMENTS ON "COMMON ACTIONS" FOR THE TREATMENT OF BOTH AVIATION AND MARINE BUNKERS EACH COUNTRY WILL BE FREE TO ESTABLISH ITS OWN SYSTEM OF PRIORITIES FOR USE OF BUNKERS WITH A FURTHER POSSIBILITY FOR DISPUTES.

5. AS CHAIRMAN OF THE AD HOC GROUP, AND SPEAKING FOR WHAT I BELIEVE TO BE A MAJORITY OF THE MEMBERS OF THE AD HOC GROUP, I RECOMMEND THAT THE SEQ REJECT THE IAB RECOMMENDATIONS CITED ABOVE EXCEPT FOR THE RECOMMENDATIONS OF 7 AND 10 PERCENT DEMAND RESTRAINT LEVELS FOR INTERNATIONAL AVIATION BUNKERS. I RECOMMEND THAT THE PROVISIONAL 5COMMON CUT FOR INTERNATIONAL AVIATION ADOPTED BY THE GB (IEA/GB (75)8 ANNEX III) BE REVISED TO 7 AND 10 TO EFFECT CONSISTENCY IN THE AGREEMENT. ADDITIONALLY, I BELIEVE THAT 100 OF CURRENT REQUIREMENTS FOR INTERNATIONAL MARINE BUNKERING IS STILL APPROPRIATE AND SHOULD BE IMPLEMENTED AS PROVISIONALLY ACCEPTED BY THE SEQ.

6. THE IAB CONCEDES THAT MARINE BUNKERS CONSTITUTE ONLY A VERY SMALL PORTION OF TOTAL CONSUMPTION AND THAT IN THE EVENT OF A CRISIS THAT PROPORTION WOULD SHRINK STILL FURTHER. CONSEQUENTLY, THE DIFFICULTIES OF IMPLEMENTING AND MONITORING DIFFERENTIAL DEMAND RESTRAINT LEVELS, AND UNCLASSIFIED

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THE HIGH PROBABILITY OF DISPUTES BETWEEN PARTICIPATING COUNTRIES OVER SUCH A SYSTEM, WILL CREATE UNWANTED AND UNNECESSARY PROBLEMS.

7. THE IAB RECOMMENDS THAT BOTH AVIATION AND MARINE BUNKERS BE INCLUDED IN FINAL CONSUMPTION IN THE SENSE OF ARTICLE 7.8 FOR THE PURPOSES OF ALLOCATION (BUT NOT FOR STOCKING REQUIREMENTS).

8. THE IAB CONSIDERED THE ALTERNATIVE WHICH INVOLVED AN ADDITIONAL ALLOCATION OF MARINE BUNKER FUEL ONE MONTH IN ARREARS BASED ON ACTUAL CONSUMPTION FOR THE PRECEEDING MONTH. THE IAB CONSIDERED THIS SOLUTION IMPRACTICAL.

9. THE IAB DID NOT CONSIDER THE GENERAL QUESTION OF A PRIORITY SYSTEM FOR CARGOES EXCEPT TO NOTE THAT THERE SHOULD BE SOME PRIORITY FOR OIL CARGOES "TO ENABLE THE INDUSTRY TO COMPLY WITH SUPPLY ALLOCATION UNDER THE AGREEMENT."

10. THE IAB DID NOT CONSIDER THE QUESTION OF A DEFINITION OF INTERNATIONAL FLIGHTS.

11. THE IAB CONSIDERED THE PROPOSAL CONCERNING BUNKERING RELATIONSHIPS BETWEEN IEA AND NON-IEA COUNTRIES BUT STATED THAT IT DID NOT HAVE AVAILABLE INFORMATION NECESSARY TO COMMENT.

12. FINALLY, THE IAB OFFERED OBSERVATIONS AND SEVERAL RECOMMENDATIONS CONCERNING CONSERVATION MEASURES FOR MARINE SHIPPING. END QUOTE.

13. IT IS REQUESTED THAT THIS REPORT BE PROMPTLY PASSED TO MEMBERS OF THE AD HOC BUNKERS GROUP AND THAT DELEGATIONS BE PREPARED TO ADDRESS THE ISSUES INVOLVED AT THE JUNE 19-20 SEQ MEETING. DENNIS SHERMAN, CHAIRMAN SEQ AD HOC GROUP ON BUNKERS. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 26 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FUELING SYSTEMS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE139342
Document Source: ADS
Document Unique ID: 00
Drafter: FEA:DSHERMAN:CH
Enclosure: n/a
Executive Order: 11652 SUBJECT= n/a
Errors: n/a
Film Number: D750207-1188
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t197506101/baaaampv.tel
Line Count: 135
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN FEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 26 FEB 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 FEB 2003 by PhilliR0>; APPROVED <18 FEB 2004 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: data_error
TAGS: ENRG, EAIR, MARR, SEQ
To: OECD PARIS
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006